IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE	§	
	§	
CAREY CRUTCHER, INC.	§	**CASE NO. 17-36696-H1-11**
Debtor	§	**(Chapter 11)**
	§	**JUDGE ISGUR**

Debtor's First Amended Disclosure Statement

Comes now **Carey Crutcher, Inc.**, Debtor-in-Possession herein, and files this First Amended Disclosure Statement pursuant to the provisions of Section 1125 of Title 11 of the United States Code.

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NOTICE TO CREDITORS AND PARTIES IN INTEREST

THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT, NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATIONS OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR THE DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE DISTRICT COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

I.
Introduction

On December 13, 2017, the Debtor filed a Voluntary Petition under Chapter 11 of the Bankruptcy Code (hereinafter the "Code"), Case Number 17-31113-H5-11. The Debtor has remained in possession of its property pursuant to the provisions of 11 U.S.C. §§1144 and 1107, which provides that the Debtor shall retain possession of and manage its property. The Debtor has retained the law firm of Cooper & Scully, PC, Julie M. Koenig as Lead Counsel for the Debtor on a $0.00 retainer. This law firm has continued to represent the Debtor in these proceedings.

The first meeting of creditors pursuant to §341 of the Code in the Chapter 11 proceeding was originally set for February 12, 2018 at 11:00 a.m. but was reset, held and concluded on February 26, 2018 at 1:30 p.m. at the United States Trustee's office in Houston, Texas.

This Disclosure Statement ("Disclosure Statement") is provided pursuant to 11 U.S.C. §1125 to all of the Debtor's known creditors and other parties-in-interest in connection with the solicitation of acceptance of the Debtor's Plan of Reorganization, (the "Plan") filed by Carey Crutcher, Inc., Debtor-in-Possession. This Disclosure Statement contains important information about the Plan. The purpose of this Disclosure Statement is to provide such information as would enable a hypothetical, reasonable creditor typical of the holders of claims in this case to make an

informed judgment in exercising its vote to either accept or reject the Plan. The Debtor has prepared this Disclosure Statement in order to disclose that information which, in its opinion, is material, important, and necessary to an evaluation of the Plan.

THE PLAN IS NOT A PART OF THIS DISCLOSURE STATEMENT AND MUST BE REVIEWED INDEPENDENTLY.

This Disclosure Statement must be approved by the Bankruptcy Court and/or District Court, after notice and hearing, prior to the solicitation of creditors with respect to their acceptance of the Plan.

Your vote on the Plan is important. In order for the Plan to be deemed "accepted" by creditors, Sixty-Six and Two-Thirds Percent (66-2/3%) in amount of claims and more than Fifty Percent (50%) in number of claims voting in each class must accept the Plan. In the event the Plan is not accepted by any class, the Debtor will request confirmation of the Plan in accordance with the provisions of 11 U.S.C. §1129(b). Whether or not you expect to be present at the Confirmation Hearing, you are urged to fill in, date, sign and properly mail the Ballot to the United States Bankruptcy Court, 515 Rusk Avenue, Room 1123, Houston, Texas 77002, with a copy to Julie M. Koenig, 815 Walker, Suite 1040, Houston, Texas 77002, Attorneys for the Debtor.

II.
Nature of Chapter 11 Reorganization Proceedings

Chapter 11 of the Bankruptcy Code is a remedial statute designed to effect the rehabilitation and reorganization of financially distressed individuals and entities or the orderly liquidation of the Debtor's property to maximize the return to the Debtor's unsecured creditors. The statutory aims of reorganization/liquidation proceedings include the following:

(a) Preservation of the Debtor's property as a "going concern" and the preservation of any going concern value of the Debtor's business and property;

(b) Avoidance of the forced and destructive liquidation of the Debtor's assets;

(c) The protection of the interest of the creditors, both secured and unsecured;

(d) The restructuring of the debts of the Debtor and its finances to enable it to retain those assets necessary to rehabilitate its finances and produce the greatest recovery for its creditors.

While the formulation and confirmation of a Plan of Reorganization or Liquidation is the principal function of a Chapter 11 case, Congress recognized in 11 U.S.C. Section 1123(a)(5)(d), that the sale of all or any part of the property of the estate and the distribution of all or part of the property of the estate among those having an interest in the property is also a legitimate function of a Chapter 11 proceeding. Therefore, a Plan may affect the interest of all parties and creditors, reject executory contracts and provide for prosecution and/or settlement of the Debtor's claims against third parties. For a Plan to be confirmed by the Court, the Code requires that the Court finds that the Plan has received the favorable votes of certain requisite classes and that the Plan be "fair, equitable and feasible," as to any dissenting classes of creditors. A more detailed description of the voting requirements of a Plan is set forth on pages 7 - 9 of this Disclosure Statement.

To be determined "fair and equitable", a Plan must comply with the so-called "absolute priority rule". The absolute priority rule requires that beginning with the most senior rank of claims of creditors against the Debtor, each class in descending rank or priority must receive full and complete compensation before an inferior or junior class may participate in the distribution. The Plan must be accepted by the affirmative vote of a majority of creditors holding two-thirds in amount of claims filed and allowed by each class, unless adequate provisions are made for the

classes of descending creditors. The foregoing is a brief summary of the requirements for a Plan and should not be relied upon for voting purposes. Creditors are urged to consult their own counsel before making any decisions on a Plan filed herein.

In addition to the above, 11 U.S.C. §1125 requires that a Debtor compile a Disclosure Statement which provides "adequate information" to creditors before anyone may solicit acceptance of a Chapter 11 Plan. This Disclosure Statement is prepared in accordance with Section 1125 to provide "adequate information" to the creditors in this proceeding. Creditors are urged to consult with their own individual counsel or each other and to review all of the pleadings filed in this bankruptcy proceeding in order to fully understand the disclosures made herein, the Plan of Reorganization filed herein, and any other pertinent matters in this proceeding.

This Chapter 11 proceeding is conducted under the supervision of a Bankruptcy Judge of the United States Bankruptcy Court for the Southern District of Texas, Houston Division. Pursuant to the Code, the Court may:

(a) Authorize the Debtor, as Debtor-in-Possession, to operate its business and manage its property;

(b) Permit rejection of executory contracts;

(c) Authorize the Debtor to issue certificates of indebtedness;

(d) Authorize the Debtor-in-Possession to lease or sell the property of the Debtor;

(e) Authorize the Debtor-in-Possession to compromise claims in the Estate;

(f) Grant or deny relief from the stay or any suit against the Debtor and of any acts or proceedings to enforce a lien against the Debtor's property; and,

(g) Approve and confirm any Plans of Reorganization.

III.
Considerations in Voting on The Chapter 11 Plan

Operation of Chapter 11. Chapter 11 of the Bankruptcy Code permits the adjustment of secured debts, unsecured debts, and equity interests. A Chapter 11 Plan may provide less than full satisfaction of senior indebtedness and payment of junior indebtedness or may provide for return of the stock in a Debtor corporation to its equity owners absent full satisfaction of indebtedness provided that an impaired class does not vote against the Plan.

If an impaired class votes against the Plan, implementation of the Plan is not necessarily impossible. Provided that the Plan is fair and equitable and that each class is afforded treatment as allowed by and defined in the Bankruptcy Code, treatment of a particular class may be very broadly defined as providing to a creditor the full value of its claim. The value of that creditor's claim is determined by the Court and balanced against the treatment afforded the dissenting class of creditors. If the latter is equal to or greater than the former, the Plan may be confirmed over the dissent of that class, depending on junior claims and interests.

In the event a class is unimpaired, it is automatically deemed to accept the Plan. A class is unimpaired if:

1. Its rights after confirmation are the same as existed (or would have existed absent any default) before the commencement of the Chapter 11 case, that any existing defaults are cured or provided for under the plan, and the class is reimbursed actual damages; or

2. The allowed claims of the class are paid in full in cash as they are matured.

If there is no dissenting class, the test for approval by the Court of a Chapter 11 Plan is whether the Plan is in the best interest of the creditors and interest holders and is feasible.

IN SIMPLE TERMS, A PLAN IS CONSIDERED BY THE COURT TO BE IN THE BEST INTEREST OF CREDITORS AND INTEREST HOLDERS IF THE PLAN WILL PROVIDE A BETTER RECOVERY TO THE CREDITORS AND INTEREST HOLDERS THAN THEY WOULD OBTAIN IF THE DEBTOR WERE LIQUIDATED AND THE PROCEEDS OF THE LIQUIDATION WERE DISTRIBUTED IN ACCORDANCE WITH THE BANKRUPTCY LIQUIDATION PRIORITIES. IN OTHER WORDS, IF THE PLAN PROVIDES CREDITORS AND INTEREST HOLDERS WITH MONEY OR OTHER PROPERTY OF VALUE EXCEEDING THE PROBABLE DIVIDEND IN LIQUIDATION BANKRUPTCY THEN THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND INTEREST HOLDERS (THE COURT, IN CONSIDERING THIS FACTOR, IS NOT REQUIRED TO CONSIDER ANY OTHER ALTERNATIVE TO THE PLAN OTHER THAN LIQUIDATION BANKRUPTCY).

In considering feasibility, the Court is only required to determine whether the Plan can be accomplished by the Debtor. This entails determining:

A. The availability of cash for payments required at confirmation;

B. The ability of the Debtor to make payments called for under the Plan; and

C. The absence of any other factor which might make it impossible for the Debtor to accomplish that which it promises to accomplish in the Plan as contemplated in the Plan.

In addition, in order to confirm a Plan the Court must find, among other things, that the Plan was proposed in good faith and that the Plan and its proponents are in compliance with the applicable provisions of Chapter 11.

These determinations by the Court occur at the hearing on confirmation of a Plan. The Court's judgment on these matters does not constitute an expression of the Court's opinion as to whether the Plan is a good one or an opinion by the Court regarding any debt instrument or equity interest or security interest issued to creditors under the Plan. Rather, the Court's judgment is merely that the Plan complies with the applicable Code provisions and has garnered sufficient votes by its creditors for confirmation.

UPON SATISFACTION OF §1129(a) GENERAL CONFIRMATION STANDARDS, BUT EXCLUDING PARAGRAPH (8), THE DEBTOR MAY REQUEST THAT THE COURT CONFIRM THE PLAN OVER THE DISSENT OF A CLASS. THE COURT IS REQUIRED TO CONFIRM IF THE PLAN MEETS WITH THE CRAM DOWN STANDARDS SET FORTH IN §1129(b). THIS PROCEDURE IS THE PROCESS BY WHICH A DISSENTING CLASS OF CREDITORS OR INTERESTS IS BOUND BY THE TERMS OF A CHAPTER 11 PLAN WITHOUT ITS CONSENT. THIS PLAN MAY BE CONFIRMED WITH REFERENCE TO A NON-ACCEPTING IMPAIRED CLASS IF TWO STANDARDS ARE MET: (1) THE PLAN DOES NOT DISCRIMINATE UNFAIRLY AGAINST THE CLASS, AND (2) THE PLAN IS FAIR AND EQUITABLE WITH REFERENCE TO THE CLASS. UPON SUCH DETERMINATION, THE COURT WILL BIND THE DISSENTING CREDITOR(S) TO THE PLAN WITHOUT ITS CONSENT.

IV.
History of The Debtor

A. Background

In 1933, when the "Pipeline Era" was just beginning, A.S. Crutcher, E.L. Rolfs and J.D. Cummings, formed a partnership in Houston, Texas. Crutcher was an equipment salesman, Rolfs was a field engineer for a coating manufacturer and Cummings was a inventive engineer.

These three men were brought together by the special equipment requirements of the contractors who were to build the first major crude oil pipeline in the Middle East, which originated in Kirkuk, Iraq and terminated in Tripoli, Lebanon.

Following successful completion of the major Middle East pipeline, CRUTCHER-ROLFS-CUMMINGS, INC. (CRC) accelerated its activities in the worldwide oil and gas pipeline equipment field, specializing in the sales and/or rental of all specialized machinery necessary to construct pipelines. Much of this equipment consist of valuable patented inventions, most of which was manufactured in the company's shop complex in Houston.

From these beginnings eighty-five years ago, the name CRUTCHER became a watchword in the Middle East and other parts of the world as other CRC pipeline construction equipment was developed for contractors. Industrywide recognition of the CRUTCHER name continued to grow. Among other pipeline construction equipment developed were bending machines, coating and wrapping

machines, internal line-up clamps, cleaning and coating machines and tar kettles. The company also invented and sold a lot of other support items.

As CRUTCHER-ROLFS-CUMMINGS, INC. continued to add to its line of pipeline and related construction items, the firm became the acknowledged leader in this highly specialized field.

CRUTCHER eventually acquired the company's interest held by his two partners however the company continued to operate under its well-known name - CRC.

At the age of 27, CAREY CRUTCHER succeeded his father and was named president of the company in 1963. Under his direction, the company positioned itself for a period of diversification and growth. CRUTCHER-ROLFS-CUMMINS, INC. became the parent company for several privately held firms with operations in the oil and gas industry.

In mid-1964 he initiated an aggressive R&D program at CRC-Crose Pipeline Equipment to design and develop the first pipeline automatic welding system, which was successful and became commercially viable in 1968. CRC-Crose received numerous world-wide patents for the system.

In 1970 Brown and Root of Houston Texas acquired the domestic and international exclusive rights to the patents for offshore pipeline construction, which paid for the entire R&D program. Subsequently the system was employed for on-shore pipeline construction worldwide

including Europe, Middle East, Russia, South American and Alaska. Since its introduction the system has welded over 30,000 miles of pipelines and remains the leader today in this specialized field.

In February 1968, Carey Crutcher became the founding President of the American Arab Chamber of Commerce with offices in Houston, Texas. He served in this capacity for 3 years during which time the membership expanded to over 160 companies involved in the energy business in the Middle East. The decision to form the Chamber was made by a group of Houston executives while attending a reception for the Emir of Kuwait which was held at the White House in Washington D.C. hosted by President Lyndon B. Johnson.

In 1969, the company established an office in Beirut, Lebanon to service its Middle East customers. An office was established in Bahrain the following year. These offices were active until 1977.

In 1977, CRUTCHER-ROLFS-CUMMINGS, INC., the family owned company, sold its controlling interest in the shares of CRUTCHER RESOURCES listed on the Amex with revenues of $63,000,000.00. In March of 1982, upon expiration of a five-year non-compete agreement, the company reentered the pipeline equipment business as Carey Crutcher, Inc. with the headquarters and plant based in Katy, Texas. In June of 1997, Carey Crutcher, III was named President and Clay Crutcher was named Vice President of Manufacturing. In 2009, the company moved to Sealy, Texas.

ENERGY SUPPLY DIVISION

The company offers supply of diesel, jet fuel and fuel oil to international customers in Latin America, Africa and Europe. Its operations are under the direction of Carey Crutcher, Chairman.

B. Events Leading To The Chapter 11 Filing.

On or about September 11, 2014, a judgment was entered against the Debtor, Carey Crutcher and Transgulf Energy Services in favor of Hailay Atsebeha in the 155th Judicial District Court of Austin County, Texas (the "Court"). Mr. Atsebeha was hired as a political consultant in Ethiopia. Although he earned a fee, the Debtor did not have the funds to pay him as no deals were reached to do business in Ethiopia. When Mr. Atsebeha filed suit the Debtor defended against the lawsuit but at trial the Court ruled in Mr. Atsebeha's favor. On April 27, 2017, an Order Granting Turnover and Appointing a Receiver was entered by the Court thereby appointing Mr. James F. Kovach as the Receiver. At the time the Receiver was appointed, the balance due on the judgment, with interest, was $280,914.15.

Carey Crutcher contacted Ms. Koenig to work with the Receiver as the Debtor was anticipating a large contract which would allow it to pay the judgment in full. The Debtor fell behind on its lease payments for its manufacturing facility and on October 10, 2017, the landlord, the John Alexander Family Limited Partnership ("Landlord"), locked the Debtor out of the facility, including the corporate offices. This action prevented the Debtor from being awarded the anticipated contract as it did not have access to its books and records, computers and files necessary to complete the documentation to finalize the contract.

On November 28, 2018, the Court entered an Order Authorizing and Approving Receiver's Auction Contract thereby appointing Worstell Auction Company to auction all of the Debtor's

assets. The Landlord cooperated with the Receiver and the auction was set for December 16, 2018, at the leased facility. This action left the Debtor with no option other than to file a Chapter 11 Proceeding to protect its assets.

C. Operation and Present Condition.

Since the date of filing, the Debtor has reached an agreement with the Landlord to continue to lease the facility, has accepted and completed several contracts, and is currently bidding on a pipeline contract overseas. The Debtor is continuously bidding on contracts in order to restructure and maintain its business.

Indebtedness on the filing date:

As of the date of filing, the Debtor's indebtedness was as follows:

1.	Secured Debt:	$0.00
2.	Priority Debt:	$0.00
3.	Undisputed Unsecured Debt:	$55,381.00
4.	Disputed Unsecured Debt:	$280,914.15
	Total:	**$336,295.15**

V.
Anticipated Future of the Debtor

As set forth above, the Debtor is currently leasing a facility from the Landlord on a month to month basis (the “Facility”). The Facility was place up for sale by the Landlord and is currently under contract to be sold to Roger Ross. Although the sale was set to close on or before August 2, 2018, the closing has been delayed because the environmental study on the property had not been completed. The environmental study is now complete and the closing is anticipated within the

next 30 days. Mr. Ross has personal funds available to close, if necessary, but is seeking an SBA loan to not only purchase the property but also for additional funds for improvements on the property. The Debtor has paid additional rent to the Landlord through October 2, 2018, with an agreement that once the property closes any rent paid to the Landlord from the closing date until October 2, 2018, will be refunded to the Debtor on a pro-rata basis. Mr. Ross is a personal friend of the Debtor's President and has agreed that once he closes on the property he will give them free rent for a period of four months.

William Cary Crutcher, II has been approved for a Commercial Loan (the "Loan") from Hudgins Mortgage Company secured by a first lien on the Debtor's equipment in the amount of $100,000.00 which is set to close in approximately thirty days. The Loan will provide funds to pay all allowed claims in full on the effective date of the Plan except for the IRS, and provide some additional working capital to the Debtor. The allowed claims excluding the IRS in this case are $55,381.00 plus any unpaid U.S. Trustee fees.

A. Liquidation Analysis: As the Debtor is paying his creditors 100% under this plan, a liquidation analysis is not warranted.

B. Absolute Priority Rule: The "absolute priority rule" is the rule that states that the holder of any claim or interest that is junior to the claims of an impaired unsecured class of creditors will not receive or retain under the plan on account of their junior claim or interest any property (in this case, the membership interest in the Debtor). The creditors are being paid 100% of their allowed claims so the absolute priority rule does not apply.

VI.
Source of Information for this Disclosure Statement

The information contained herein has not been subject to a certified audit. Much of the information, descriptions, values and facts contained herein are derived from the Debtor's experience in the oil and gas industry and the unverified opinions of third parties. Accordingly, the Debtor does not warrant or represent that the information contained herein is correct, although great effort has been made to be accurate. This Disclosure Statement contains, in entirety, the Plan itself which is controlling in the event of any inconsistencies. Each creditor is urged to review the Plan prior to voting.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein and the delivery of this Disclosure Statement shall not under any circumstances create an implication that there has not been any change in the facts as set forth herein since the date hereof. All the terms herein have the same meanings as in the Plan unless the context requires otherwise.

VII.
Disclaimer

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, PAST OR FUTURE BUSINESS OPERATIONS, OR THE PLAN ARE AUTHORIZED NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ACCURACY. THE FACTUAL INFORMATION REGARDING THE DEBTOR, THE DEBTOR'S ESTATE, ITS ASSETS AND

LIABILITIES HAS BEEN DERIVED FROM THE DEBTOR'S RECORDS, THE DEBTOR'S SCHEDULES, PUBLIC RECORDS AND RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN.

NEITHER THE DEBTOR NOR ITS COUNSEL CAN WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACY, ALTHOUGH THEY DO NOT HAVE ACTUAL KNOWLEDGE OF ANY INACCURACIES.

APPROVAL OF THIS DISCLOSURE STATEMENT IS NOT A FINDING BY THE COURT THAT THE INFORMATION CONTAINED HEREIN IS ACCURATE AND COMPLETE. FURTHER, APPROVAL OF THE DISCLOSURE STATEMENT IS NOT AN INDICATION BY THE COURT OF THE CONFIRMABILITY OF THE PLAN.

THE ABILITY OF THE DEBTOR TO ACHIEVE ITS PROJECTIONS IS SUBJECT TO SUBSTANTIAL RISKS FROM SUCH FACTORS AS, BUT NOT LIMITED TO, THE ABILITY OF THE DEBTOR TO CONTINUE ITS BUSINESS OPERATIONS AND THE STABILITY OF THE OIL AND GAS INDUSTRY; THEREFORE, ANY PROJECTIONS PREPARED BY THE DEBTOR DO NOT CONSTITUTE GUARANTIES OF RESULTS.

VIII.
Professional Fees

The Debtor engaged the law firm of Cooper & Scully, Julie M. Koenig as Lead Counsel, to represent the Debtor in this Chapter 11 proceeding. The Court entered an order approving retention of the law firm on January 30, 2018, at Docket No. 24. Cooper & Scully did not receive an initial retainer. Ms. Koenig bills out at $425.00 per hour and the Debtor is to pay Cooper & Scully the sum of $5,000 per month to be held in their IOLTA account pending further Order of the Court. To date, the Debtor has been unable to make these payments.

IX.
Description of Assets and Value

The primary asset of the Debtor is a net operating loss valued at $3,350,000.00 and inventory and equipment valued at $888,600.00

X.

Summary of the Plan

The following is a brief summary of certain provisions of the proposed Plan of Reorganization to assure that the creditors affected understand its provisions. This summary should not be considered as solicitation for acceptance of that Plan. Additionally, creditors should not rely on this summary to decide whether or not to vote in favor of or against the Plan, but are expressly referred to the Plan itself since it contains many provisions which will not be summarized herein.

The Plan of Reorganization proposes that the Debtor shall use the proceeds from the Loan to pay all allowed claims except the IRS on the effective date of the Plan. The Debtor's Plan of Reorganization will provide for classification of creditors in accordance with the United States Bankruptcy Code.

Class 1- Administrative Expenses - Legal Fees. Class 1 is unimpaired. Class 1 are Claims entitled to priority by Section 507(a)(2) of the Bankruptcy Code and will consist of fees and expenses incurred by the Court appointed Counsel. These fees are incurred prior to the effective date of the Plan, as the same are finally approved and allowed by final order of the Court, and any other expenses incurred during the course of the Chapter 11 proceeding that have not yet been paid. The members of this class are Cooper & Scully, PC, Counsel for the Debtor.

All claims in this class shall be paid in cash and in full in such amounts as may be allowed and approved by the Court on the effective date or after such claims are finally allowed, whichever is later, by the Debtor to the extent of available funds, or such claims may be paid in accordance with any agreement or waiver. The anticipated total expenses to be paid in this class should not exceed $10,000 - $15,000.

Class 2 - The United States Trustee. Class 2 is unimpaired and consists of the post-confirmation claim of the office of the United States Trustee for its fees from the date of confirmation until the Chapter 11 file is closed by the Bankruptcy Clerk. These fees are based on the amount of disbursements made by the Debtor and are paid on a quarterly basis. The reorganized Debtor shall be responsible for timely payment of the United States Trustee quarterly fees incurred pursuant to 28 U.S.C. §1930(a)(6). Any fees due as of the date of confirmation of the plan will be paid in full on the effective date of the plan. After confirmation, the reorganized Debtor shall pay United States Trustee quarterly fees as they accrue until this case is closed by the Court. The Debtor shall file with the Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the case remains open in a format prescribed by the United States Trustee.

All pre-confirmation quarterly fees shall be paid by the effective date of the Plan.

Class 3 - Priority Claim of the Internal Revenue Service. Class 3 is unimpaired and consists of the claim of the Internal Revenue Service (the "IRS") in the amounts of $28,694.81. This claim is for unfiled Federal 1120 Income Tax Returns for the years 2014 - 2016. The Debtor shall have twelve months from the effective date of the Plan to prepare and file the unfiled returns. As the Debtor has a net loss carryforward of $3,350,000, the IRS claim will be offset against this carryforward.

Class 4 - Unsecured Claim of the Internal Revenue Service. Class 4 is unimpaired and consists of the unsecured claim of the IRS in the amount of $36,653.13. This claim consists of taxes due for 2012 and an unfiled return for 2013. The Debtor shall have twelve months from the effective date of the Plan to prepare and file the unfiled return. As the Debtor has a net loss

carryforward of $3,350,000, the IRS claim for both filed and to be filed returns will be offset against this carryforward.

Class 5 - John Alexander Family Limited Partnership. Class 5 is impaired and consists of the claim of the John Alexander Family Limited Partnership in the amount of $42,000.00. This claim is secured by a Court authorized lien on any of the Debtor's personal property that remains on the leased property after the expiration of the Second Expedited Motion for Entry of Agreed Order Extending Deadline for Debtor to Vacate Real Property (the "Agreed Order") at Docket No. 38, and any subsequent Court approved Agreed Orders.

This claim will be paid on the effective date of the Plan.

Class 6 - Unsecured Claims. Class 6 is impaired and consists of the unsecured claim of the following entities:

1. Chevron Business Card.....$ 1,600.00
2. R.W. Smith.....10,881.00
3. Tax Account..... 900.00

These claims will be paid on the effective date of the Plan.

Hailay Atsebeha was listed as a disputed creditor on the Debtor's Schedules, received notice of the filing through his Counsel who refused to give Mr. Atsebeha's physical address, and the deadline to file a proof of claim. Mr. Atsebeha failed to file a timely proof of claim and therefore will not receive any payment under this plan.

Class 7 - Equity Security Holders. Class 7 is impaired and consists of the equity security holders of the Debtor, William Carey Crutcher, III, Clay Crutcher and Traci Crutcher. William Carey Crutcher, III, Clay Crutcher and Traci Crutcher shall retain the equity in the Debtor

in the same percentages as held pre-petition.

A. Other Provisions

Notwithstanding confirmation of the Plan, the Court will retain jurisdiction (i) to determine the allowance of claims upon objection by a party-in-interest; (ii) to determine requests for payment of administrative claims and expenses, including compensation, entitled to priority under §507(a)(i) of the Code; (iii) to resolve disputes regarding interpretation of the Plan; (iv) to modify the Plan; (v) to implement provisions of the Plan; (vi) to adjudicate any cause of action brought by the Debtor or Trustee as representatives of the estate; (vii) to enter a final decree; and (viii) for other purposes.

B. Bar dates for filing proofs of claim

Any creditor desiring to receive a distribution under the provisions of this Plan, and whose claim is not evidenced by a court order or set forth on the Debtor's schedules, must have filed a proof of claim or request for compensation with the Bankruptcy Court **not later than May 14, 2018**. The proof of claim deadline for governmental entities is July 5, 2018. These bar dates are set by the Bankruptcy Court and noticed to all creditors pursuant to the Notice of Creditor's Meeting.

The Debtor has filed as a part of its schedules a list of all creditors, setting forth the identity of each creditor and an indication of the amount due each creditor. Unless a claim is listed as disputed, contingent or unliquidated, each creditor's claim will be allowed in the amount and status stated on the Debtor's schedules. Any creditor who disputes the amount listed on the Debtor's schedules must have filed a proof of claim in a different amount or status not later than May 14, 2018, or not later than July 5, 2018, for governmental entities. Failure to have filed a timely proof of claim will force a creditor to accept the amount of his/her claim as listed on the Debtor's

schedules.

Claims listed as **disputed, contingent, or unliquidated** will not be allowed unless a proof of claim with all supporting documents was filed prior to May 14, 2018, or prior to July 5, 2018, for governmental entities. In the event a creditor has filed a proof of claim in these proceedings with which the Debtor disagrees, the Debtor has the option to file an objection to that claim and request the Court to determine the true value of the claim. The Debtor shall attempt to resolve all objections to claims prior to confirmation. However, the Debtor shall have 60 days from the effective date of the plan to file objections to claims.

Any claim for a debt listed on the Debtor's Schedules as **disputed, contingent, or unliquidated** for which a proof of claim is not timely filed shall be of **no force and effect**. No distribution will be made to any creditor that has not timely complied with this provision.

XI.
Pending Litigation

There is no litigation either pending against the Debtor or in which the Debtor is a Plaintiff.

XII.
Alternatives to the Plan Proposed

The Debtor expects that the Plan will enable it to realize the maximum benefits for all of its creditors. However, if the Plan is not confirmed, the Debtor will continue to seek other avenues for reorganization.

A. Conversion

In the event no suitable alternative can be found, the Debtor would be compelled, as well as obligated, to recommend the conversion of the Chapter 11 case to a case under Chapter 7, and a subsequent liquidation by a duly appointed or elected Chapter 7 trustee. The plan provides that

property of the estate will vest in the reorganized Debtor thirty days after entry of the final confirmation order. Creditors shall retain their ability to utilize rights under 11 U.S.C. Section 1112(b)(8) to request conversion. Upon a conversion of this case to Chapter 7, all property re-vested in the Debtor under the Plan, or subsequently acquired, shall constitute property of the bankruptcy estate in the converted case. Although the Debtor is of the opinion that a straight liquidation of the assets would not be in the best interest of the creditors generally, the following is likely to occur:

(i) The newly appointed Chapter 7 trustee would have to become familiar with the Debtor's operations in order to evaluate all the Debtor's assets and liabilities;

(ii) In addition to the duplication of efforts that would transpire as a result of the Chapter 7 Trustee having to review documents and interview persons in order to become sufficiently acquainted with the Debtor's business, the Chapter 7 Trustee would likely retain professionals to aid in administering the estate;

(iii) An additional tier of administrative expenses entitled to priority over general unsecured claims would be incurred. Such administrative expenses would include Chapter 7 Trustee's commissions and fees for the professionals likely to be retained; and

(iv) There would likely be no distribution at all to the creditors until the case is ready to be closed.

The Debtor will allow the creditors and parties-in-interest to draw their own conclusions with respect to the delay associated with a Chapter 7 liquidation. It is certain that the above factors would result in an additional dilution to the projected dividend. The Debtor believes that such a speculative projection should be made by the creditors themselves.

The Debtor believes if the assets of the Debtor were liquidated through a court trustee the payments to creditors would be less than provided in this Plan.

B. Dismissal

Dismissal of the proceeding would, in the Debtor's opinion, lead to an unsatisfactory result.

The Debtor has attempted to set forth possible alternatives to the proposed Plan. Accordingly, one should recognize that a vote against the Plan and the ultimate rejection of the Plan would not alter the present status of the Debtor. The vote on the Plan does not include a vote on alternatives to the Plan. There is no assurance what turn the proceedings will take if the Plan is rejected. If you believe one of the alternatives referred to above is preferable to the Plan and you wish to urge it upon the Court, you should consult your counsel.

C. Default

Upon confirmation of a Chapter 11 Plan, the Plan operates as a contract between the Debtor and its creditors. A default occurs if the Debtor fails to make any required payments contained in the Plan. Each creditor, regardless of class, has the right upon a default under the plan to notify the Debtor and its Counsel of the default and allow 14 days for the Debtor to cure such default. Notice of default must be made in writing to the Debtor and its Counsel and mailed by certified mail, return receipt requested. The 14 day period shall begin on the date the Debtor executes the return receipt. Notice of default shall be given to the following:

William Carey Crutcher, II
P.O. Box 965
Katy, Texas 77492

and

Julie M. Koenig
815 Walker, Suite 1040
Houston, Texas 77002

If the Debtor fails to cure the default within the 14 day period, the Creditor sending notice of

default has the right to bring a lawsuit in the State District Court in Harris County, Texas against the Debtor or to apply to the Federal Bankruptcy Court for relief through dismissal or conversion.

XIII.
Federal Income Tax Consequences to Creditors and the Debtor

1. Federal Tax Consequences to Creditors:

The Debtor believes that the following discussion generally sets forth the Federal income tax consequences to Creditors upon confirmation and consummation of the Plan. No ruling has been sought or obtained by the Debtor from the IRS with respect to any of these matters. The following discussion of Federal income tax consequences is not binding on the IRS and is general in nature. No statement can be made herein with respect to the particular Federal income tax consequences to any Creditor.

AS A RESULT OF THE COMPLEXITY OF THE APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE, EACH CREDITOR IS URGED TO CONSULT ITS OWN TAX ADVISOR IN ORDER TO ASCERTAIN THE ACTUAL TAX CONSEQUENCES TO IT, UNDER FEDERAL AND APPLICABLE STATE AND LOCAL LAWS, OF CONFIRMATION AND CONSUMMATION OF THE PLAN.

Creditors may be taxed on distributions they receive from the Estate. The amount of the income or gain, and its character as ordinary income or capital gain or loss, as the case may be, will depend upon the nature of the Claim of each particular Creditor. The method of accounting utilized by a Creditor for Federal income tax purposes may also affect the tax consequences of a distribution. In general, the amount of gain (or loss) recognized by any such Creditor distributee will be the difference between (i) the Creditor's basis for Federal income tax purposes, if any, in the Claim and (ii) the amount of the distribution received. Whether the distribution will generate ordinary income or capital gain will depend upon whether the distribution is in payment of a Claim

or an item which would otherwise generate ordinary income on the one hand or in payment of a Claim which would constitute a return of capital.

2. Federal Tax Consequences to the Debtor:

The Debtor has a $3,350,000.00 net loss carryforward and therefore any indebtedness to Internal Revenue Service shall be offset by that net loss carryforward. In addition, as the Debtor is considered insolvent within the 90 days prior to filing its Chapter 11 Proceeding, there will not be any tax consequences for "forgiveness of debt" as the Debtor is paying 100% under its Plan. Therefore, there are no tax consequences to the Debtor as a result of its filing for Chapter 11 Reorganization nor will there be any tax consequences as a result of completing its Plan of Reorganization.

XIV.
Means for Implementation and Execution of the Plan

Implementation of the Plan requires entry of an order by the Bankruptcy Court confirming the Plan. The Plan is to be implemented, if accepted and approved by the Bankruptcy Court, in its entire form as filed on June 11, 2018. The effective date of the plan shall be 30 days after the date the Plan is confirmed by this Court.

XV.
Modification of Disclosure

The Debtor may propose amendments to or modification of this Disclosure Statement at any time prior to the confirmation, with leave of the Court. After confirmation, the proponent may, with the approval of the Court, so long as it does not materially or adversely affect the interests of the creditors or other parties-in-interest as set forth herein, remedy any defect or omission, reconcile any inconsistencies in this Disclosure Statement, or in the Order Confirming Disclosure Statement,

in such a manner as may be necessary to carry out the purposes and intent of this Disclosure Statement.

XVI.
Disclosure Required by the Bankruptcy Code

The Bankruptcy Code requires the disclosure to the Bankruptcy Court of payments made or promised of the kind as set forth in Section 1129(a)(5) of the Bankruptcy Code. The Debtor retained Julie M. Koenig, Cooper & Scully, PC, as bankruptcy counsel on a $0.00 retainer - the Debtor only paid the filing fee to Cooper & Scully pre-petition. The Bankruptcy Code requires that the Court approve all professional's fee applications prior to payment by a Debtor. Therefore all fees and costs incurred are subject to approval of the Bankruptcy Judge.

XVII.
Fraudulent and Preferential Transfers

To the best of Debtor's knowledge and belief there have not been any fraudulent or preferential transfers within one year of the bankruptcy filing.

XVIII.
Other Bankruptcies

The Debtor filed a Chapter 11 Bankruptcy in 2001, under Case No. 01-33709 which resulted in a 100% payment to all creditors.

XIX.
Conclusion

The Debtor believes that approval of its Plan will provide an opportunity for its creditors to receive more money in the foreseeable future on their claims than would be received in a straight liquidation by a Trustee in a Chapter 7 case or from a distress sale of the assets. If the Plan is not

approved, the Debtor will continue to seek other reorganization alternatives, but liquidation might ensue, with the consequences as discussed above in relation to the liquidation alternative.

This Disclosure Statement is subject to the approval by the Bankruptcy Court after notice and hearing.

THE APPROVAL BY THE UNITED STATES BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE DEBTOR'S PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

The Plan of Reorganization contains additional provisions and each creditor should review the provisions of the Plan with particularity.

Respectfully submitted this 3rd day of August, 2018

CAREY CRUTCHER, INC.

/s/ William Carey Crutcher, II, CEO
William Carey Crutcher, CEO

OF COUNSEL:

COOPER & SCULLY, PC.

By: */s/ Julie M. Koenig*
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